

OMB APPROVAL	
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Lokuge Ishantha</u> (Last) (First) (Middle) C/O SHUTTERFLY, INC. 2800 BRIDGE PARKWAY (Street) REDWOOD CA 94065 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol SHUTTERFLY INC [SFLY]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) SVP and Chief Product Officer
	3. Date of Earliest Transaction (Month/Day/Year) 10/18/2017	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/18/2017		M ⁽¹⁾		2,500	A	\$0	7,162	D	
Common Stock	10/19/2017		S		1,312 ⁽²⁾	D	\$49.18	5,850	D	
Common Stock	10/19/2017		S ⁽³⁾		4,662	D	\$48.7487 ⁽⁴⁾	1,188	D	
Common Stock	10/20/2017		S ⁽³⁾		1,188	D	\$48.8571 ⁽⁵⁾	0	D	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V		Date Exercisable	Expiration Date						Title
Restricted Stock Units	(6)	10/18/2017		M ⁽¹⁾		2,500	(7)	(7)	Common Stock	2,500	\$0	7,500	D	

Explanation of Responses:

- Vesting of restricted stock units ("RSUs") granted to the Reporting Person on October 18, 2016.
- Represents the aggregate number of shares of the Issuer's common stock sold by the Reporting Person to cover taxes due upon the release and settlement of the RSU's. The Reporting Person did not sell or otherwise dispose of any of the shares reported on this Form 4 for any reason other than to cover required taxes.
- This transaction was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person.
- Represents a weighted average sales price per share. These shares were sold in multiple transactions at prices ranging from \$48.52 to \$49.17 per share. The Reporting Person has provided to the Issuer, and undertakes to provide to the staff of the Securities and Exchange Commission or any security holder of the Issuer, upon request, full information regarding the number of shares purchased at each separate price within the range.
- Represents a weighted average sales price per share. These shares were sold in multiple transactions at prices ranging from \$48.7279 to \$49.07 per share. The Reporting Person has provided to the Issuer, and undertakes to provide to the staff of the Securities and Exchange Commission or any security holder of the Issuer, upon request, full information regarding the number of shares purchased at each separate price within the range.
- Each of these RSUs represents a contingent right to receive one (1) share of Issuer common stock upon settlement for no consideration.
- These RSUs vest in 4 equal annual installments, subject to the Reporting Person's continuous service to the Issuer through each such vesting date. The first installment vested on October 18, 2017. Vested shares shall be settled within 30 days of the vesting date as set forth in the RSU Award Agreement. These RSUs will expire upon the earlier of the date: (i) when all are settled or (ii) when the Reporting Person ceases to provide services to the Issuer.

/s/ Jason Sebring, Attorney-in-Fact 10/20/2017

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.